

# **EXHIBIT 4**

September 23, 2014

**CONSUMER: Packaged Foods & Meats**

Company Update

**KeyBanc**

Capital Markets

**Keurig Green Mountain, Inc.:***GMCR: Introduction to the Smart Brewer; Insights into GMCR's Innovation Roadmap*KeyBanc Capital Markets Inc.  
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Rating	BUY
Price	\$131.64
12- Mo. Price Target	\$150.00
Dividend	\$1.00
Yield	0.8%
52- Wk. Range	\$57 - \$137
Trading Volume (000)	1,869
Market Cap. (mm)	\$21,679.8
Shares Out. (mm)	164.69
Book Value/Share	\$20.86

**EPS (Net) Summary**

FY Sept	2013A	2014E	2015E
1Q	\$0.76	\$0.96A	\$1.06
2Q	\$0.93	\$1.08A	\$1.25
3Q	\$0.82	\$0.99A	\$1.10
4Q	\$0.89	\$0.86	\$0.76
YEAR	\$3.39	\$3.89	\$4.17
First Call	--	\$3.80E	\$4.08E
P/E	38.8x	33.8x	31.6x

**ACTION STATEMENT**

We are reiterating our **BUY** rating and \$150 price target for Keurig Green Mountain, Inc. (GMCR-NASDAQ) as we now have a higher level of confidence in our Hot platform earnings power estimates. We have been closely following proceedings in the antitrust lawsuit against GMCR since it was filed in February 2014. Although Friday's announcement denying JBR an injunction is the most significant development in the case to date, we believe what is more relevant (than Friday's decision) to our investment thesis on GMCR is the story that emerges from reading thousands of pages of legal documents in the case. Overall, we have a much better understanding of the 2.0 brewer's interactive technology and GMCR's innovation roadmap after having reviewed most of the documents filed in the aforementioned case over the last seven months. Also, we maintain that it will be difficult for competitors to commercialize and legally produce their 2.0-compatible portion packs and that they will find it difficult to keep up with future iterations of the Hot platform's operating system.

Our positive thesis on GMCR is predicated on long-term earnings power of ~\$8 to ~\$12/share, ~\$5 to ~\$8 of which comes from the Hot platform and ~\$3 to ~\$4 of which comes from Cold. We have increased confidence in our Hot platform earnings power estimates following the aforementioned detailed review.

**KEY INVESTMENT POINTS**

Keurig's 2.0 interactive brewer technology is the first version of its so-called "smart" brewer. The 2.0 machine is the first step of a multi-generational interactive system that recognizes packs and varieties for the purpose of properly brewing, understanding and maintaining integrity in and among different pack sizes and variety sizes. Essentially, the interactive technology is Keurig's attempt at creating a so-called "smart" brewer. Some of the challenges the 2.0 brewer was designed to overcome include issues related to the orientation of the cup relative to the needles, backward compatibility, making a carafe of coffee and creating simplicity from what otherwise might have been a complicated user interface (which is unattractive to consumers). A key part of the solution was to create an interactive platform, or a so-called "smart" brewer.

Over time, we expect the Hot platform to include the ability to better recognize and brew different packs and varieties, including, but not limited to, Espresso, Brewed Over Ice Tea and Hot Tea. At present, the 2.0 brewer is capable of reading essentially two signals, and the 2.0 uses those signals to understand what kind of a cup has been placed into the brewer. Over time, the goal of GMCR's business plan is to increase the number of signatures that can be read in order to increase the variety and "smartness" of the brewer as well as identify different beverage types, including espresso, hot tea and brewed over ice tea.

**FOR IMPORTANT DISCLOSURES AND CERTIFICATIONS, PLEASE REFER TO PAGES 6 - 7 OF THIS NOTE.**

**Keurig 2.0 has six unique recipes that are set forth for the user.** When you put a portion pack into the 2.0 brewer, the ink on the cup's lid is read and that reading goes into a microprocessor within the brewer, which then sets forth for the user the recipes that are appropriate for that particular cup or pack. Currently, if the portion pack is a K- cup, you get one recipe; if it is a carafe cup, you get a choice of six recipes, and the user then selects the recipe that matches the cup they inserted.

**Breaking down the various components of the 2.0 interactive system and how they interact to deliver specific recipes/user interfaces.** The lids for 2.0- compatible portion packs contain a special ink that can be read by the 2.0 brewer. Currently, there are two ink colors being used—one for K- cups and another for carafe cups. It is this ink signature that tells the brewer whether it is a K- cup or carafe cup and, if so, what recipe options to display on the user interface. Digging a bit deeper, a light- emitting diode hits the ink on the portion pack and fluoresces back a signal to the optical reader. The signal sent to the optical reader (from the ink) contains different wavelengths that are dependent upon the color of the ink and the spectrum of the rainbow. The microprocessor in the brewer then reads the wavelengths and tells the brewer whether it is a K- cup or carafe cup.

**Why use interactive technology?** We believe the interactive technology between the 2.0 portion packs and brewer is a sophisticated way of creating a "smart" brewer (which the Company was targeting)—one that is capable of recognizing different portion pack types and different beverage varieties while maintaining a simple user interface for the consumer. Given the disappointing rollout of the VUE brewer a few years ago (which has largely been attributed to an overly complex user interface and limited brand variety), we think the 2.0's design addresses the shortfalls of the VUE in many ways, while continuing to deliver all of the benefits that the VUE promised.

**Innovation roadmap gives us increased confidence in our Hot platform earnings power estimates.** Our increased understanding of GMCR's longer- term innovation strategy for the Hot platform gives us increased confidence in our earnings power estimates for Hot (our positive thesis on GMCR is predicated on long- term earnings power of ~\$8 to ~\$12/share, ~\$5 to ~\$8 of which comes from the Hot platform and ~\$3 to ~\$4 of which comes from Cold). Specifically, as the brewers become "smarter" and allow consumers to produce a wider variety of beverages at home with a greater degree of customization, we believe the brewers will likely become more attractive to consumers, thereby increasing GMCR's long- term household penetration potential. For perspective, we assume Keurig brewer household penetration of ~27.5% of total U.S. households (or ~33 million households) in our upside case, and we estimate that every 1 point increase in our assumption would result in ~\$0.30 in incremental EPS.

## VALUATION

**Our price target of \$150 values the stock at ~36x our FY15 EPS estimate compared to 28x for its consumer growth peers.** Our \$150 price target values GMCR at a P/E multiple of 36.0x our FY15 EPS estimate of \$4.17 and an EV/EBITDA multiple of ~18x. Currently, on our NTM EPS estimate, GMCR is trading at a P/E multiple of 30.9x (roughly an 11% premium to its consumer growth peers of about 28x) and an EV/EBITDA multiple of 15.3x (~8% premium to its consumer growth peers of around 14x). Excluding dilution from the KO/Lavazza equity transactions (~\$0.22/share expected dilution in FY15), the stock is currently trading at roughly 29x our FY15 EPS estimates, which is slightly above its consumer growth peers of about 28x.

**Recent transaction comps support a higher valuation for GMCR.** We believe recent transaction comps, including Mondelez International's announced merger (May 2014) of its coffee business with D.E. Masters Blenders 1753 N.V. (which values the combined company at ~12.6x EV/EBITDA) and Joh. A. Benckiser Group's (JAB) bids for Peet's Coffee & Tea Inc. at about 19x EV/EBITDA (July 2012), Caribou Coffee Co. at about 10x EV/EBITDA (Dec 2012), and D.E. Masters Blenders 1753 N.V. at about 17x EV/EBITDA (March 2013), point to the possibility that GMCR could be undervalued at its current valuation of about 15.3x our NTM EBITDA estimates. Our \$150 price target implies an EV/EBITDA multiple of ~18x our FY15 EBITDA estimate.

## RISKS

**Risks that could impede GMCR from achieving our price target include:** patent expirations (the two main patents associated with GMCR's "current generation" K- cups expired on September 16, 2012), volatile green coffee costs, competition from non- licensed K- cups and product quality issues.

**Figure 1. GMCR – Financial Summary**

(\$ in millions)	FY10	FY11	FY12	FY13	1Q14	2Q14	3Q14	4Q14E	FY14E	1Q15E	2Q15E	3Q15E	4Q15E	FY15E	FY16E
Net sales	1,357	2,651	3,859	4,358	1,387	1,103	1,022	1,171	4,683	1,677	1,343	1,215	1,480	5,716	7,012
% change	73%	95%	46%	13%	4%	10%	6%	12%	7%	21%	22%	19%	26%	22%	23%
Gross profit	426	905	1,269	1,619	464	457	445	454	1,820	572	554	526	518	2,170	2,476
Adjusted EBIT	175	429	622	816	238	272	243	226	979	278	323	282	194	1,076	1,184
% change	129%	145%	45%	31%	22%	21%	18%	18%	20%	17%	19%	16%	-14%	10%	10%
EBITDA	204	501	757	999	286	328	298	273	1,185	340	394	345	256	1,335	1,584
Adjusted pretax income	170	374	600	798	236	270	241	223	970	275	320	279	191	1,065	1,174
Adjusted net income	106	249	382	518	146	170	163	141	620	173	202	176	120	671	740
<b>Adjusted EPS (ex. amortization)</b>	<b>0.77</b>	<b>1.64</b>	<b>2.40</b>	<b>3.39</b>	<b>0.96</b>	<b>1.08</b>	<b>0.99</b>	<b>0.86</b>	<b>3.89</b>	<b>1.06</b>	<b>1.25</b>	<b>1.10</b>	<b>0.76</b>	<b>4.17</b>	<b>4.72</b>
% change	111%	113%	47%	41%	27%	16%	21%	-3%	15%	10%	16%	11%	-12%	7%	13%
Operating cash flow	-2	1	478	836	273	321	230	-100	723	292	443	286	-119	902	873
Free cash flow	-129	-283	77	603	212	263	127	-264	337	175	349	201	-223	502	382
Capex	126	283	401	233	61	58	103	164	386	117	94	85	104	400	491
Equity	699	1,933	2,271	2,647	2,613	3,286	3,435	3,515	3,515	3,455	3,424	3,368	3,253	3,253	3,465
Net debt	350	570	473	-9	-89	-843	-930	-599	-599	-533	-642	-602	-140	-140	35
# of shares	138	152	159	153	152	157	165	165	160	163	162	160	159	161	157
Gross margin	31.4%	34.1%	32.9%	37.2%	33.5%	41.5%	43.5%	38.8%	38.9%	34.1%	41.2%	43.3%	35.0%	38.0%	35.3%
SG&A/sales	18.5%	18.0%	16.8%	18.4%	16.3%	16.8%	19.7%	19.5%	18.0%	17.5%	17.2%	20.1%	21.9%	19.1%	18.4%
EBIT margin	12.9%	16.2%	16.1%	18.7%	17.2%	24.6%	23.8%	19.3%	20.9%	16.6%	24.0%	23.2%	13.1%	18.8%	16.9%
Net margin	7.8%	9.4%	9.9%	11.9%	10.5%	15.4%	16.0%	12.1%	13.2%	10.3%	15.0%	14.5%	8.1%	11.7%	10.5%
FCF margin	-9.5%	-10.7%	2.0%	13.8%	15.3%	23.8%	12.4%	-22.6%	7.2%	10.4%	26.0%	16.5%	-15.0%	8.8%	5.4%

Source: Company filings, KeyBanc Capital Markets Inc. estimates

**Figure 2. GMCR – Drivers of Sales Growth**

(\$ in millions)	FY10	FY11	FY12	FY13	1Q14	2Q14	3Q14	4Q14E	FY14E	1Q15E	2Q15E	3Q15E	4Q15E	FY15E	FY16E
<b>Brewer sales</b>	<b>331</b>	<b>525</b>	<b>760</b>	<b>828</b>	<b>375</b>	<b>138</b>	<b>128</b>	<b>194</b>	<b>834</b>	<b>371</b>	<b>139</b>	<b>129</b>	<b>308</b>	<b>947</b>	<b>1,209</b>
yoy % ch	67%	59%	45%	9%	-1%	9%	-4%	2%	1%	-1%	1%	1%	59%	13%	28%
Hot brewers sold in period (M)	4.2	6.5	9.2	10.4	5.1	1.8	1.7	2.4	11.0	4.6	1.6	1.5	2.2	10.0	9.1
yoy % ch	81%	53%	41%	13%	3%	32%	13%	-7%	6%	-9%	-9%	-9%	-9%	-9%	-9%
Price per hot brewer	78	89	88	85	77	81	80	84	76	80	85	84	88	83	65
yoy % ch	-8%	14%	-1%	-4%	-7%	-21%	-17%	10%	-11%	5%	5%	5%	5%	10%	-22%
<b>Hot Brewer sales</b>	<b>331</b>	<b>525</b>	<b>760</b>	<b>828</b>	<b>375</b>	<b>138</b>	<b>128</b>	<b>194</b>	<b>834</b>	<b>371</b>	<b>139</b>	<b>129</b>	<b>194</b>	<b>833</b>	<b>785</b>
yoy % ch	67%	59%	45%	9%	-1%	9%	-4%	2%	1%	-1%	1%	1%	0%	0%	-6%
Cold brewers sold in period (M)										0.0	0.0	0.0	1.0	1.0	3.7
yoy % ch															273%
Price per cold brewer													114	114	114
yoy % ch															0%
<b>Cold Brewer sales</b>													<b>114</b>	<b>114</b>	<b>424</b>
yoy % ch															273%
<b>Portion Pack Sales</b>	<b>834</b>	<b>1,704</b>	<b>2,709</b>	<b>3,187</b>	<b>931</b>	<b>898</b>	<b>826</b>	<b>907</b>	<b>3,563</b>	<b>1,226</b>	<b>1,137</b>	<b>1,018</b>	<b>1,101</b>	<b>4,482</b>	<b>5,517</b>
yoy % ch	103%	104%	59%	18%	8%	13%	10%	17%	12%	32%	27%	23%	21%	26%	23%
Hot Installed brewer base (avg/period)	4.05	7.26	10.61	14.14	17.08	18.28	19.07	20.00	18.41	21.01	21.63	21.95	22.32	21.54	24.30
yoy % ch	106%	79%	46%	33%	28%	23%	22%	24%	30%	23%	18%	15%	12%	17%	13%
Hot Attachment Rate	1.95	1.69	1.76	1.61	1.57	1.38	1.29	1.41	1.43	1.68	1.48	1.38	1.51	1.53	1.52
yoy % ch	-17%	-14%	4%	-8%	-13%	-6%	-6%	-4%	-12%	7%	7%	7%	7%	7%	-1%
Hot Portion Packs sold (M)	2,303	4,464	6,800	8,322	2,452	2,308	2,244	2,582	9,587	3,228	2,923	2,764	3,084	11,999	13,454
yoy % ch	231%	94%	52%	22%	12%	15%	15%	19%	15%	32%	27%	23%	19%	25%	12%
Price per Hot Portion Pack	0.36	0.38	0.40	0.38	0.38	0.39	0.37	0.35	0.37	0.38	0.39	0.37	0.35	0.37	0.38
yoy % ch	-39%	5%	4%	-4%	-3%	-2%	-4%	-2%	-3%	0%	0%	0%	0%	0%	2%
<b>Hot portion pack sales</b>	<b>834</b>	<b>1,704</b>	<b>2,709</b>	<b>3,187</b>	<b>931</b>	<b>898</b>	<b>826</b>	<b>907</b>	<b>3,563</b>	<b>1,226</b>	<b>1,137</b>	<b>1,018</b>	<b>1,083</b>	<b>4,464</b>	<b>5,103</b>
yoy % ch	103%	104%	59%	18%	8%	13%	10%	17%	12%	32%	27%	23%	19%	25%	14%
Cold Installed brewer base (avg/period)													0.32	0.64	1.82
yoy % ch															186%
Cold Attachment Rate													1.60	0.20	1.57
yoy % ch															687%
Cold Portion Packs sold (M)													46	46	1,044
yoy % ch															2152%
Price per Cold Portion Pack													0.40	0.40	0.40
yoy % ch															-1%
<b>Cold portion pack sales</b>													<b>19</b>	<b>19</b>	<b>413</b>
yoy % ch															2130%
<b>All other product sales</b>			<b>391</b>	<b>343</b>	<b>80</b>	<b>67</b>	<b>68</b>	<b>71</b>	<b>287</b>	<b>80</b>	<b>67</b>	<b>68</b>	<b>71</b>	<b>287</b>	<b>287</b>
yoy % ch				-12%	-18%	-20%	-17%	-10%	-17%	0%	0%	0%	0%	0%	0%
<b>Total sales</b>	<b>1,357</b>	<b>2,651</b>	<b>3,859</b>	<b>4,358</b>	<b>1,387</b>	<b>1,103</b>	<b>1,022</b>	<b>1,171</b>	<b>4,684</b>	<b>1,677</b>	<b>1,343</b>	<b>1,215</b>	<b>1,480</b>	<b>5,716</b>	<b>7,012</b>
yoy % ch	73%	95%	46%	13%	4%	10%	6%	12%	7%	21%	22%	19%	26%	22%	23%

Source: Company filings, KeyBanc Capital Markets Inc. estimates

**Figure 3. GMCR – Earnings Power Scenario Analysis**

FY13			FY17E (Hot Platform)			FY19E (Cold )
	Denomination	(YE Sep)	Downside Case	Base Case	Upside Case	Base
SS Machine Installed Base Assumptions						
Target Market (# of U.S. Households)	million households	120	120	120	120	120
Keurig Installed Base	million Keurig machines	16.3	24.0	27.7	33.0	15.6
Keurig Share of Target Market	Keurig machines/HH	14%	20%	23%	28%	13%
Keurig Share of HH's that Own Coffee Makers	Keurig machines/90M HH's	18.1%	26.7%	30.7%	36.7%	17.4%
K-cup Market Volume Assumptions						
Total Coffee or CSD Servings Consumed in the U.S.	million cups/million 12 oz cans	63,351	68,573	68,573	68,573	152,000
K-cup Share of Total Coffee Cups Consumed	K-cups/coffee cups	14%	18%	24%	30%	5%
Attachment Rate (GMCR & non-licensed)	Average daily K-cup per brewer	1.47	1.41	1.66	1.71	1.39
GMCR Attachment Rate	Average daily K-cup per brewer	1.40	1.20	1.49	1.59	1.39
Total K-cups Consumed in the U.S.	million cups	8,731	12,343	16,744	20,572	7,945
Private Label/Non-licensed SS Packs Sold	billion cups	408	1,851	1,674	1,440	0
GMCR owned & Partner K-cups Sold	million K- cups	8,322	10,492	15,070	19,132	7,945
Portion Pack Market Share Breakdown						
Non-licensed Share	% of total cups sold	5%	15%	10%	7%	0%
GMCR Market Share	% of total cups sold	95%	85%	90%	93%	100%
K-cup Sales & EBIT Assumption						
Wholesale K-cup price	\$'s per K-cup	0.38	0.35	0.38	0.37	0.38
Costs (COGS + SG&A) per K-cup	\$'s per K-cup	0.27	0.26	0.28	0.25	0.26
GMCR EBIT per K-cup	\$'s per K-cup	0.114	0.091	0.103	0.116	0.123
Consolidated Income Statement						
Consolidated Sales	\$'s million	4,358	4,588	6,744	8,247	4,143
Portion packs	\$'s million	3,187	3,672	5,718	7,079	3,053
Brewer	\$'s million	828	629	740	882	1,090
Other Products	\$'s million	343	287	287	287	
Consolidated EBIT	\$'s million	816	846	1,397	2,053	781
Portion packs	\$'s million	946	957	1,554	2,212	975
Brewer	\$'s million	(187)	(154)	(181)	(216)	(195)
Other Coffee Products	\$'s million	56	43	24	57	
Consolidated EBITDA	\$'s million	999	1,030	1,680	2,424	967
NI	\$'s million	518	521	876	1,271	486
SO	million shares	153	156	156	156	156
EPS	\$'s per share	\$3.39	\$3.33	\$5.60	\$8.12	\$3.10
EBIT Margins						
Consolidated		18.7%	18.4%	20.7%	24.9%	18.8%
Portion packs		29.7%	26.1%	27.2%	31.2%	31.9%
Brewer		-22.6%	-24.5%	-24.5%	-24.5%	-17.8%
Other Products		16.5%	15.0%	8.3%	20.0%	

Source: Company reports, KeyBanc Capital Markets Inc. estimates

## KeyBanc Capital Markets Inc. Disclosures and Certifications

### Keurig Green Mountain, Inc. - GMCR

We expect to receive or intend to seek compensation for investment banking services from Keurig Green Mountain, Inc. within the next three months.

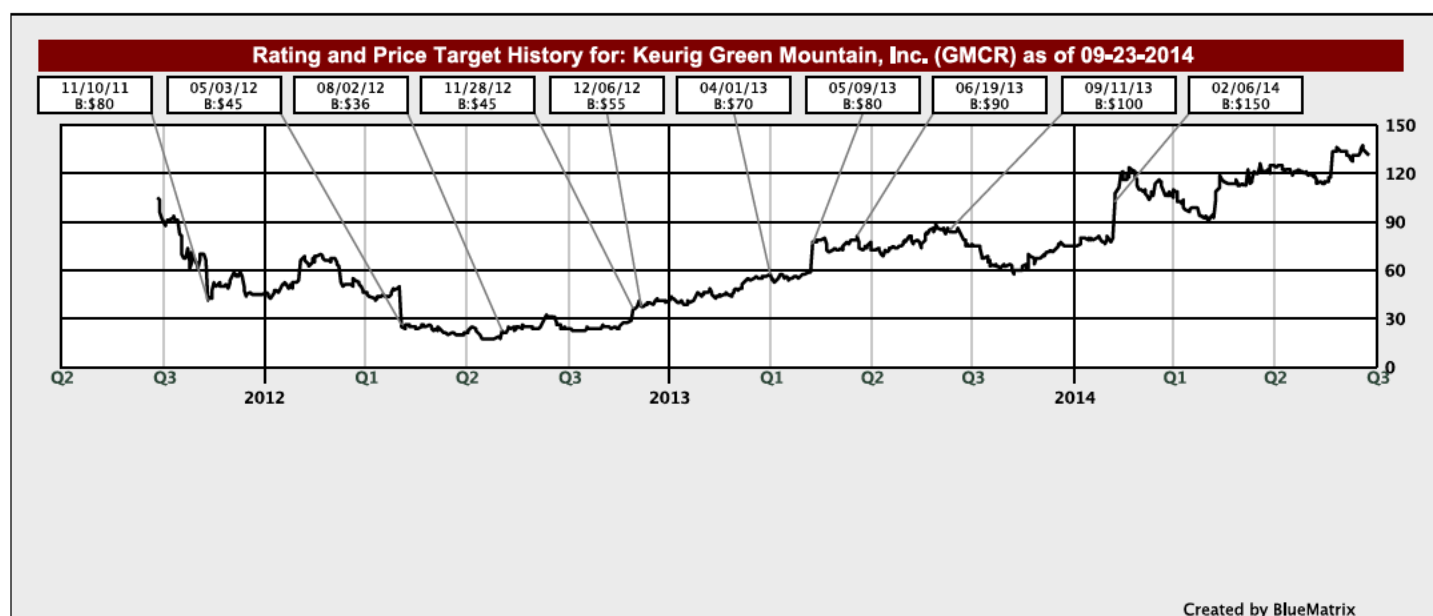
During the past 12 months, Keurig Green Mountain, Inc. has been a client of the firm or its affiliates for non- securities related services.

As of the date of this report, we make a market in Keurig Green Mountain, Inc..

### Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

### Three- Year Rating and Price Target History



### Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector									
KeyBanc Capital Markets					CONSUMER				
Rating	Count	Percent	IB Serv/Past 12 Mos.		Rating	Count	Percent	IB Serv/Past 12 Mos.	
			Count	Percent				Count	Percent
BUY [BUY]	272	47.39	59	21.69	BUY [BUY]	67	46.21	8	11.94
HOLD [HOLD]	290	50.52	52	17.93	HOLD [HOLD]	73	50.34	5	6.85
SELL [UND]	12	2.09	3	25.00	SELL [UND]	5	3.45	0	0.00



**Rating System**

BUY - The security is expected to outperform the market over the next six to 12 months; investors should consider adding the security to their holdings opportunistically, subject to their overall diversification requirements.

HOLD - The security is expected to perform in line with general market indices over the next six to 12 months; no buy or sell action is recommended at this time.

UNDERWEIGHT - The security is expected to underperform the market over the next six to 12 months; investors should reduce their holdings opportunistically.

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